

Trends That Will Shape Retail in 2020

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The image is a horizontal split composition. The left half shows a close-up of the sun, characterized by its bright orange and red surface with visible solar granulation and some darker sunspots. The right half shows a dark, stormy sky with several bright, jagged lightning bolts striking downwards. The word "DIVERGENCE" is written in a large, bold, white, sans-serif font across the center of the image, overlapping both the sun and the lightning.

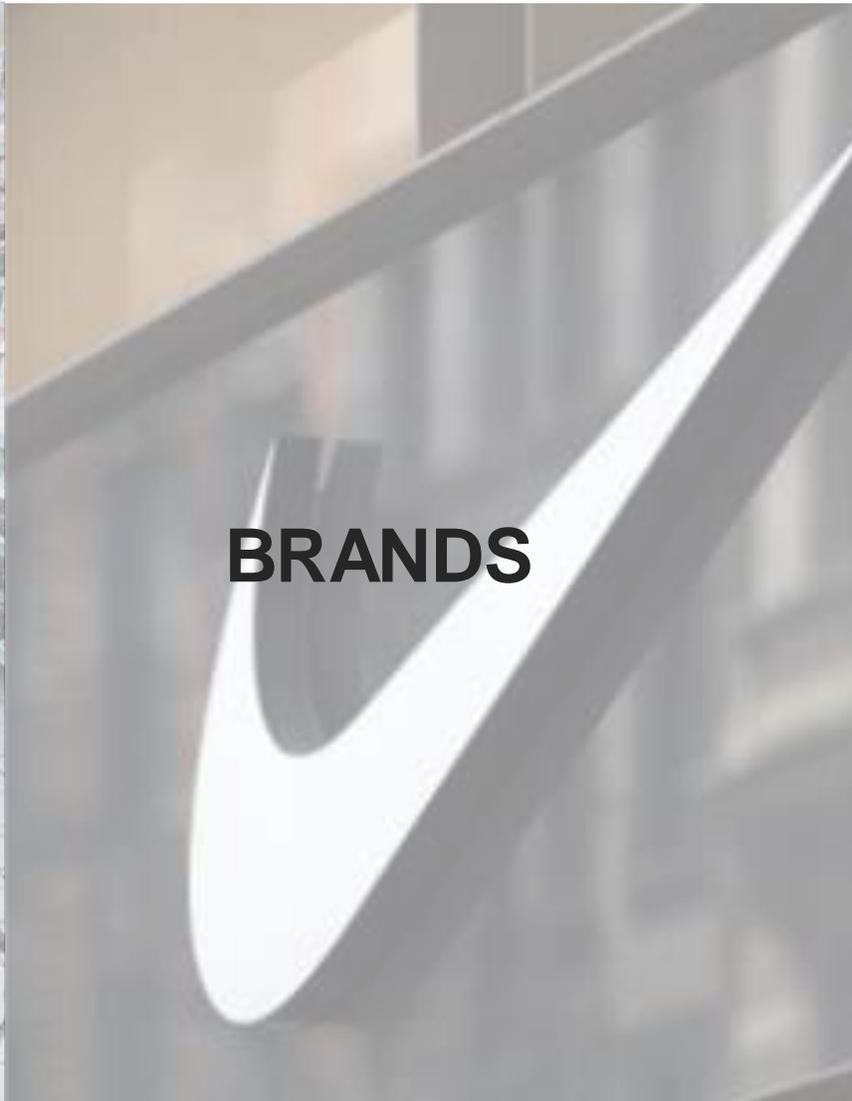
DIVERGENCE



CONSUMERS



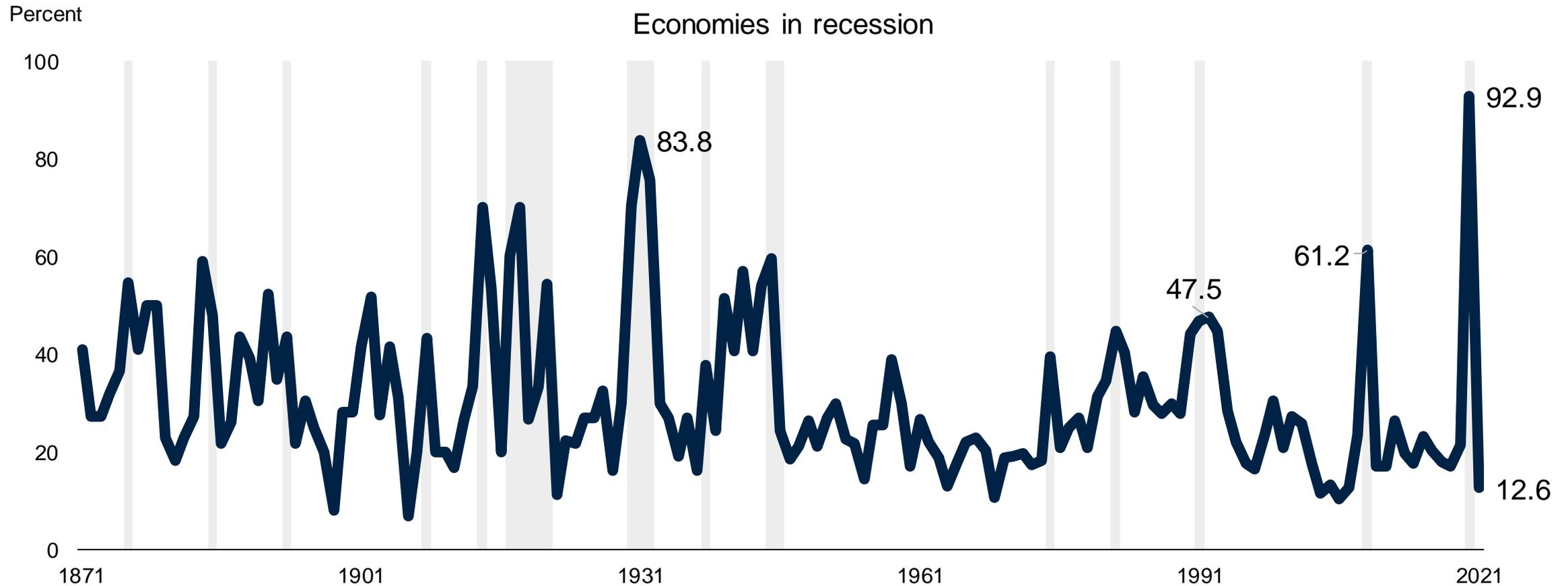
RETAILERS



BRANDS

This pandemic has the highest synchronization this century of global economies in recession

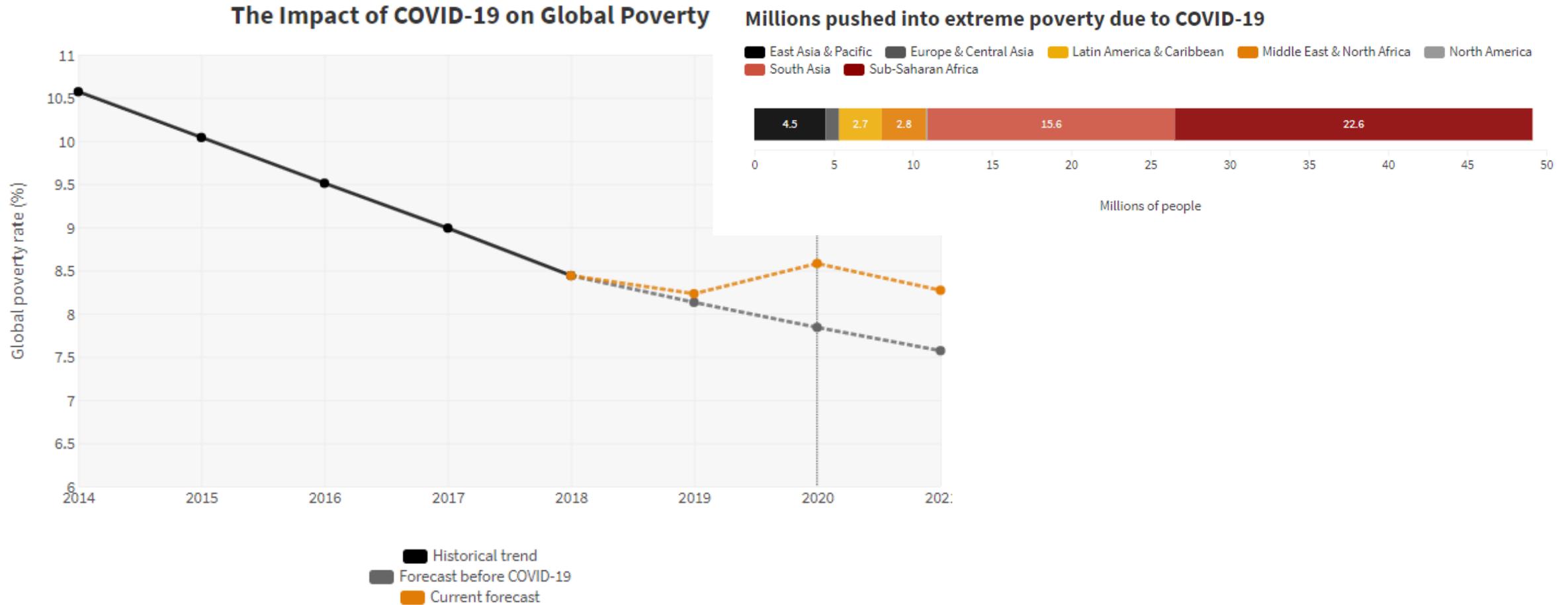
In 2020, the highest share of economies will experience contractions in per capita GDP since 1870—more than 90 percent, even higher than the proportion of about 85 percent of countries in recession at the height of the Great Depression of 1930-32



Source: World Bank

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Global poverty will rise as a result of COVID-19



Source: [PovcalNet](#) • The global poverty rate is measured as the share of the world's population living on less than \$1.90 per day.

Source: World Bank Blogs (<https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>)

Even markets that
have recovered are
left with even
poorer poor



“poorer households are still struggling...”

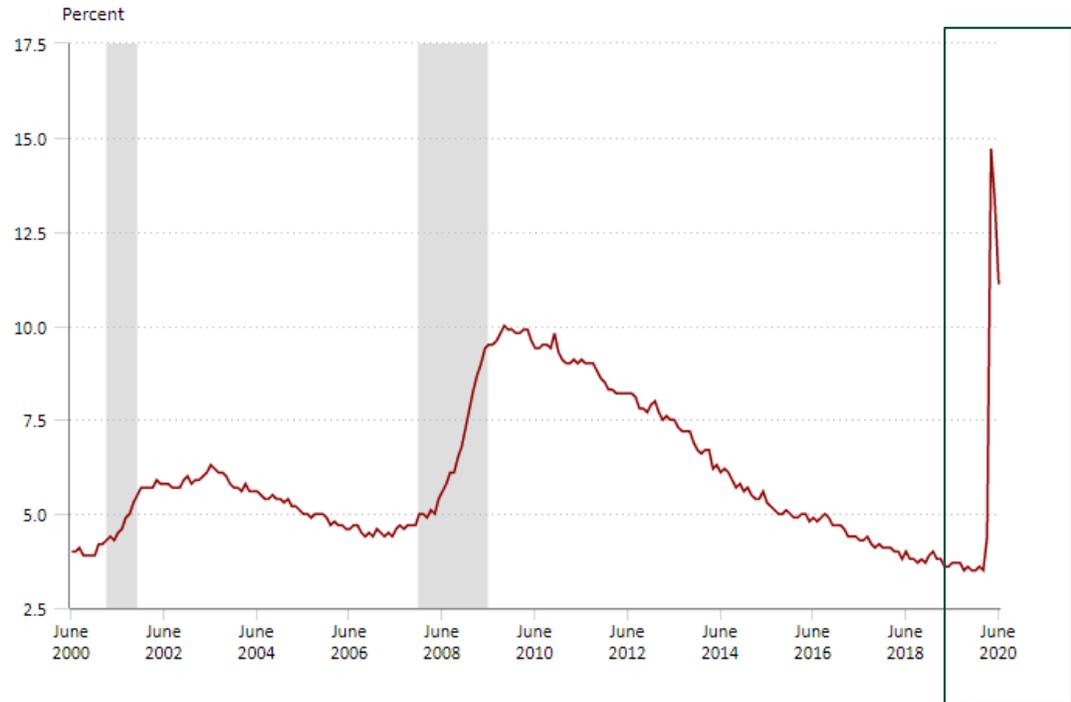
clined in the first half of 2020, the China Finance Survey finds. Those earning more than in a year reported net gains. We get a glimpse of the confidence from sales of luxury items: Louis Vuitton, Chanel, and Hermès are doing well, and Chanel, Louis Vuitton, and Hermès raised prices this year. This happened in part because China's fiscal stimulus is far more aggressive than that of the U.S. Beijing feels it has more success in building new bullet trains and 5G telecom infrastructure than consumers, so it stimulates the economy by building new bullet trains and 5G telecom infrastructure. There are no equivalents to the \$1,200 check from the Treasury Department. China went to the Treasury Department. China went to the Treasury Department. China went to the Treasury Department.

China's urban unemployment rate has come down to 5.6% in August from February's 6.2% high, the statistics bureau proudly proclaimed. This figure is likely an understatement. Migrant workers are hardly included in the government's urban survey.

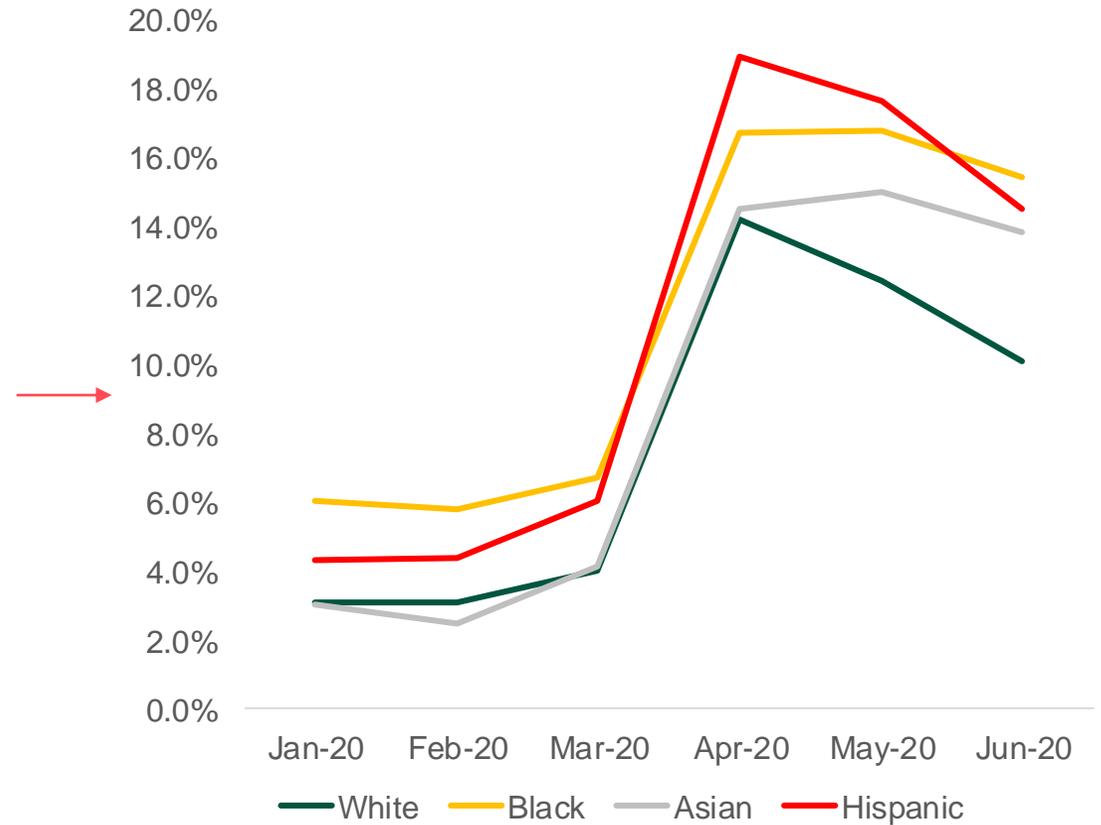
Make China a cautionary tale for Washington. If the political impasse over stimulus continues, the country will end up in the same situation, with the wealthy doing well and the poor scrambling to survive. Whether working from home means they can afford their Hermès ties while the poor scramble to survive, a K-shaped recovery is worse than a U- or W-shaped recovery.

The pandemic has hurt the least well off

Unemployment overall



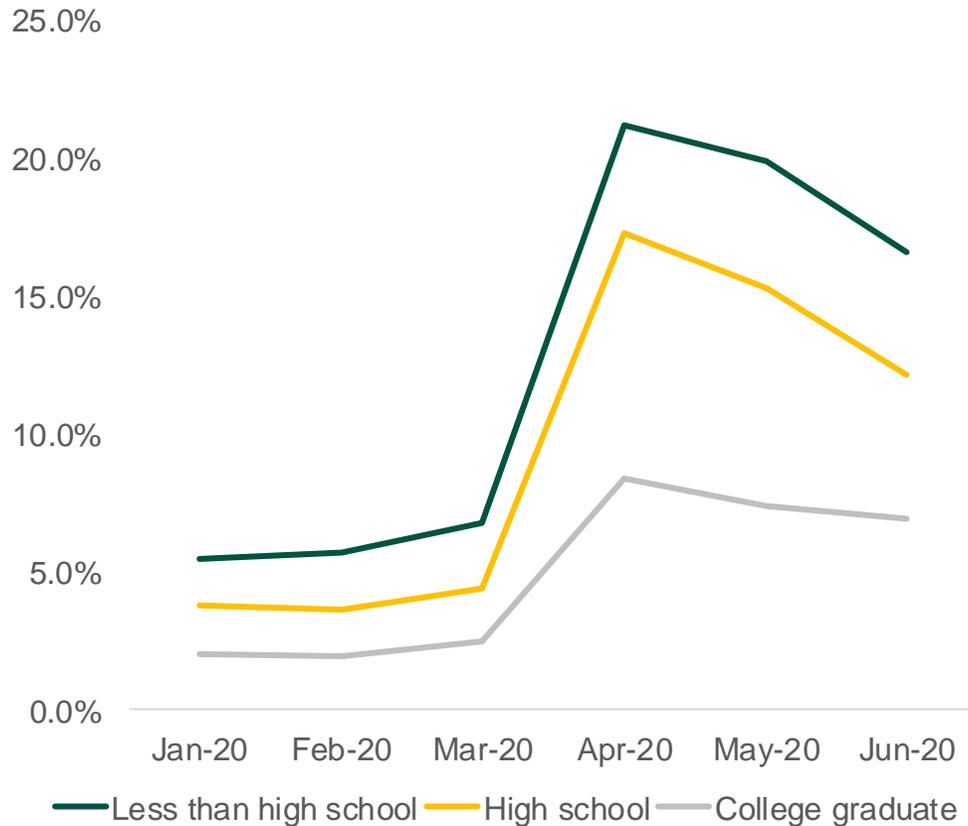
Unemployment by race



Source: US Bureau of Labor Statistics

Meanwhile, the wealthy are holding their own

Unemployment is lower for more educated HHs



Wealthy households are 4x as likely to own stocks

Source: Bureau of Labor Statistics; Pew Research

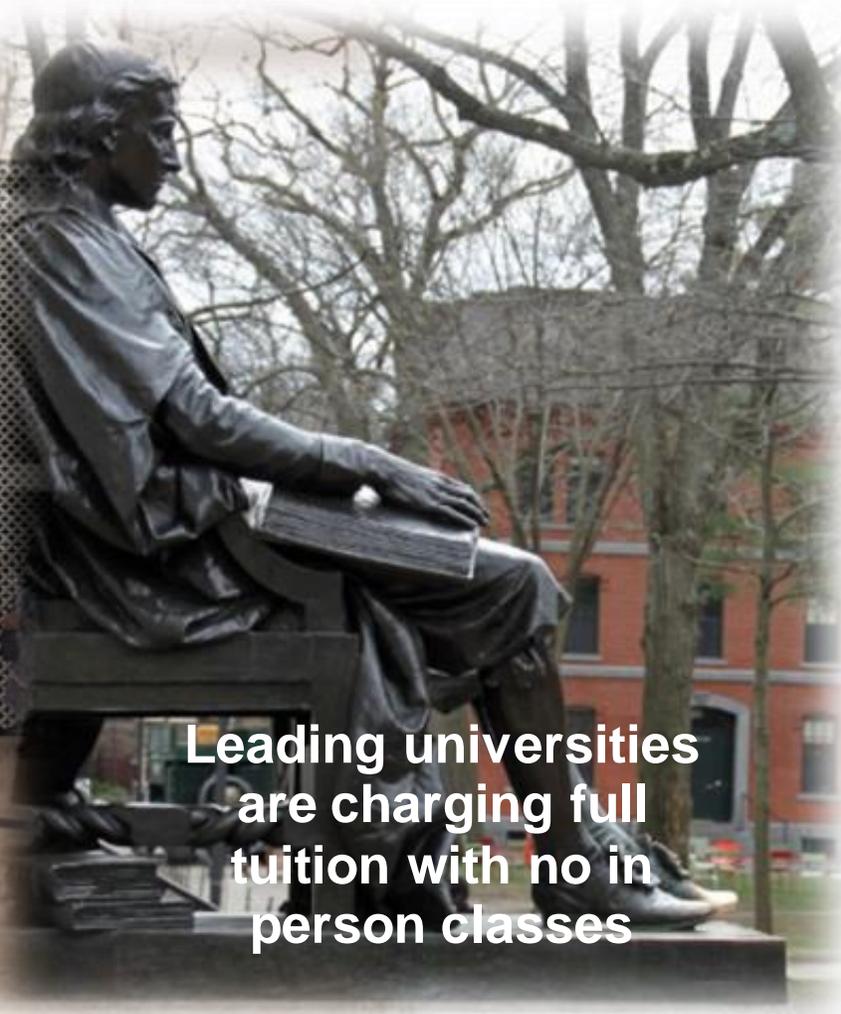
Luxury items continue to be resilient



Porsche sales in July were the same at February



Select luxury stores YOY growth is up double digits in June



Leading universities are charging full tuition with no in person classes



CONSUMERS



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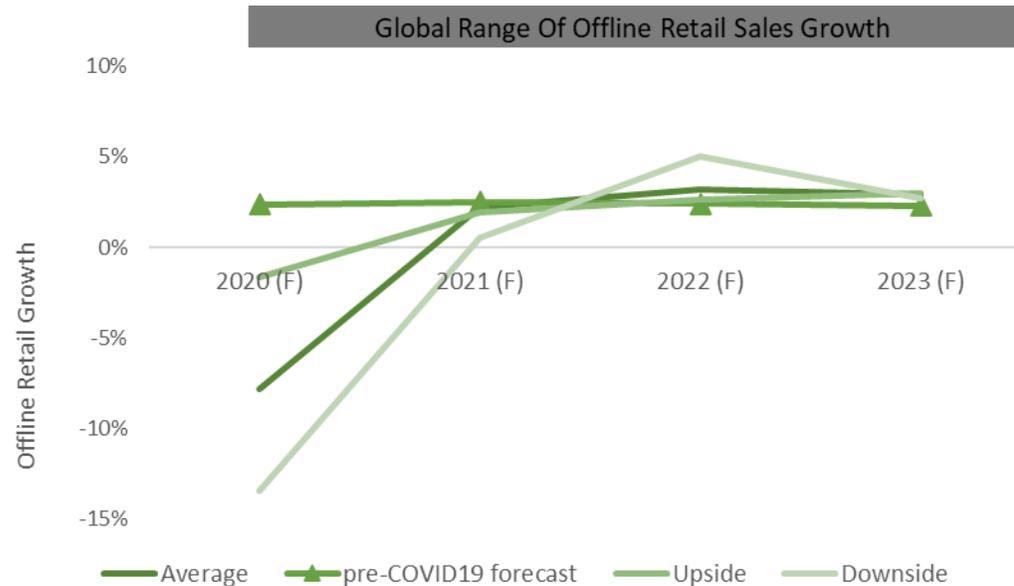
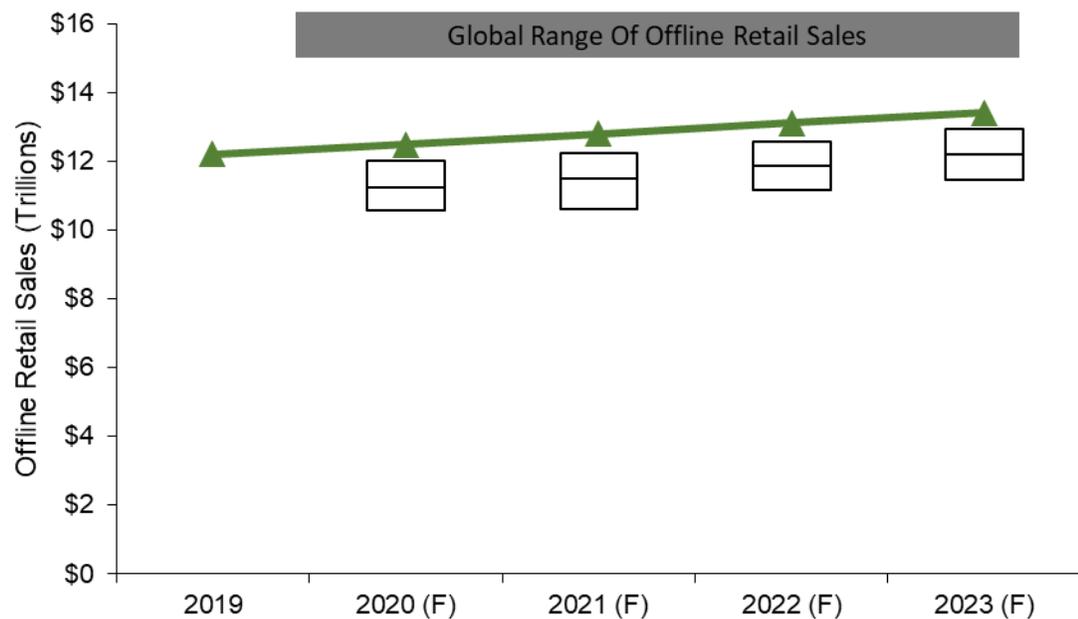
BRANDS

Global retail sales will decline by an average of 3.9% in 2020, a loss of \$1.2 trillion compared to pre-COVID19 forecasts



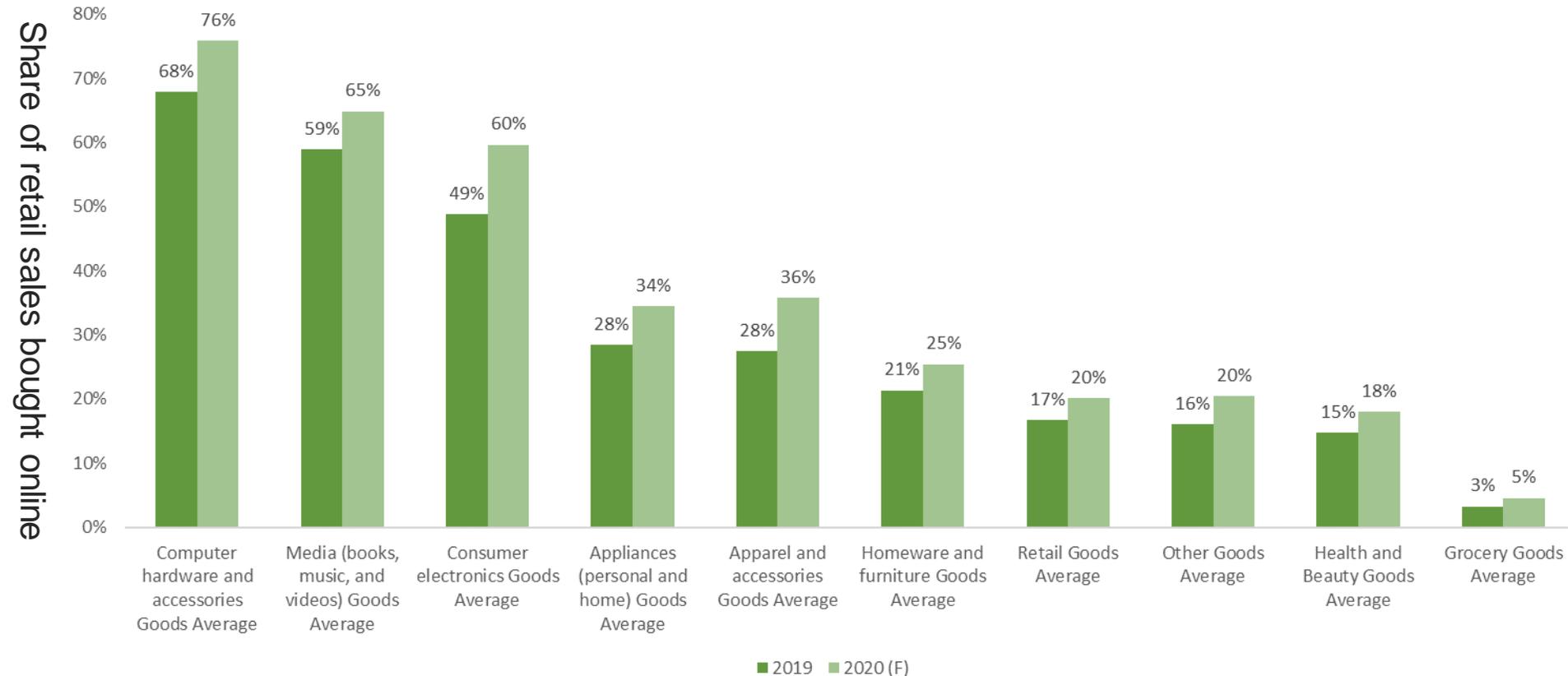
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

Global offline sales will lose \$1.2 trillion compared to Forrester's pre-COVID19 forecasts, and won't surpass 2019 levels until 2023



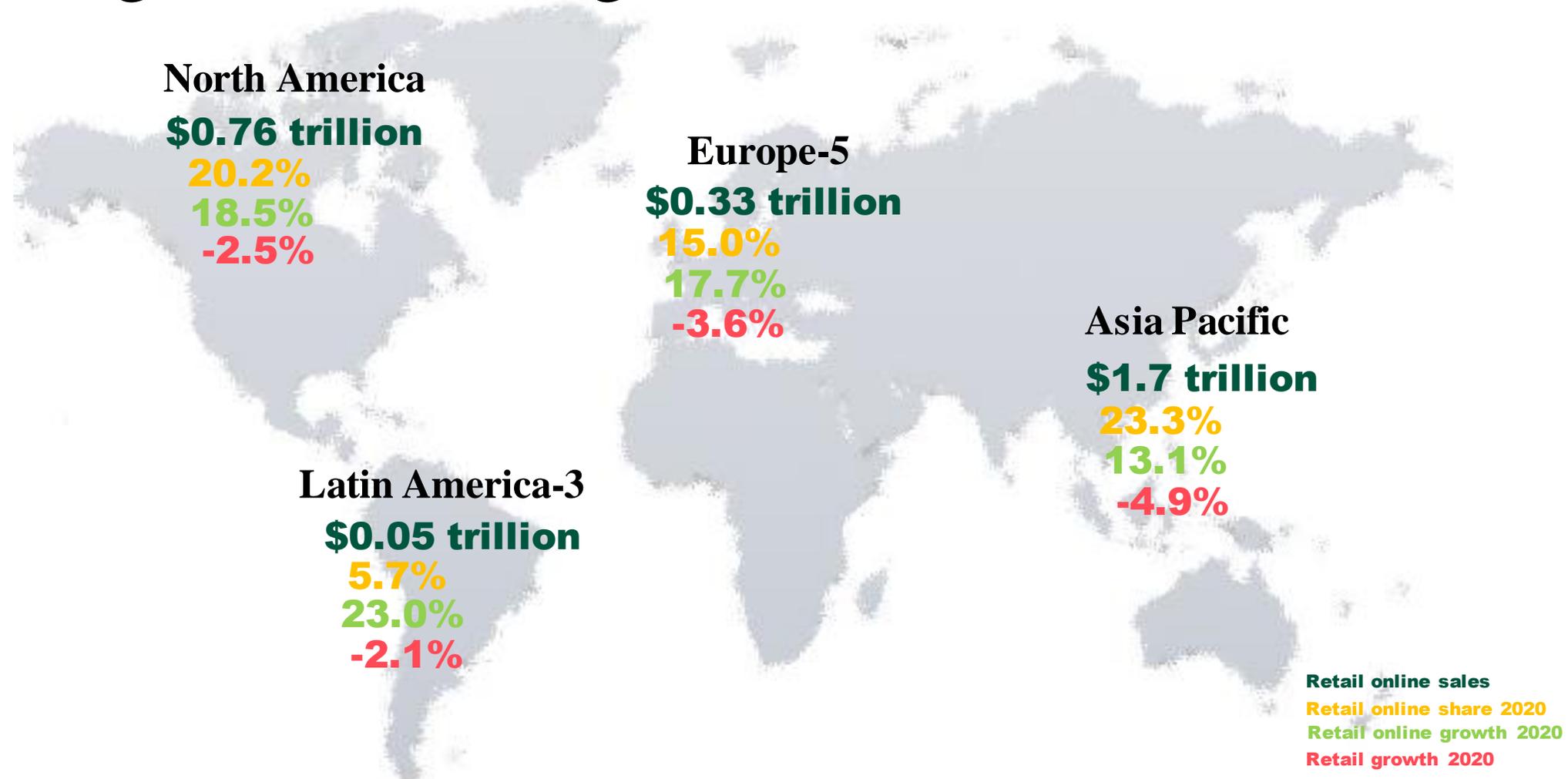
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

In 2020, Grocery, Apparel and Electronics will see the largest share of their sales migrating online



Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

In 2020 all regions will see retail sales decline and strong eCommerce growth



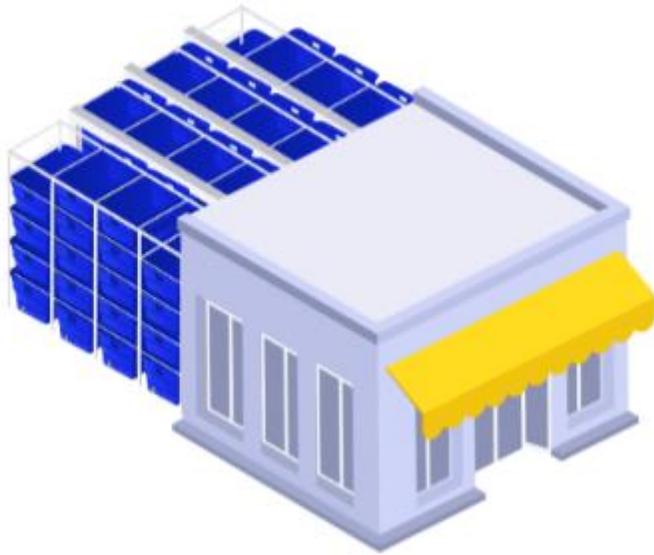
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global), Europe-5 covers Germany, France, Italy, Spain and UK, Latin America-3 covers Mexico, Argentina and Brazil, Asia-Pacific covers China, India, Japan, South Korea, Australia and South East Asia

Retailers are trying
to pivot where
possible



This home goods retailer is now selling essential items
in its stores (example: Bed, Bath & Beyond)

Experiments like MFCs are happening, but nothing systemic



Source: Fabric, Takeoff



CONSUMERS



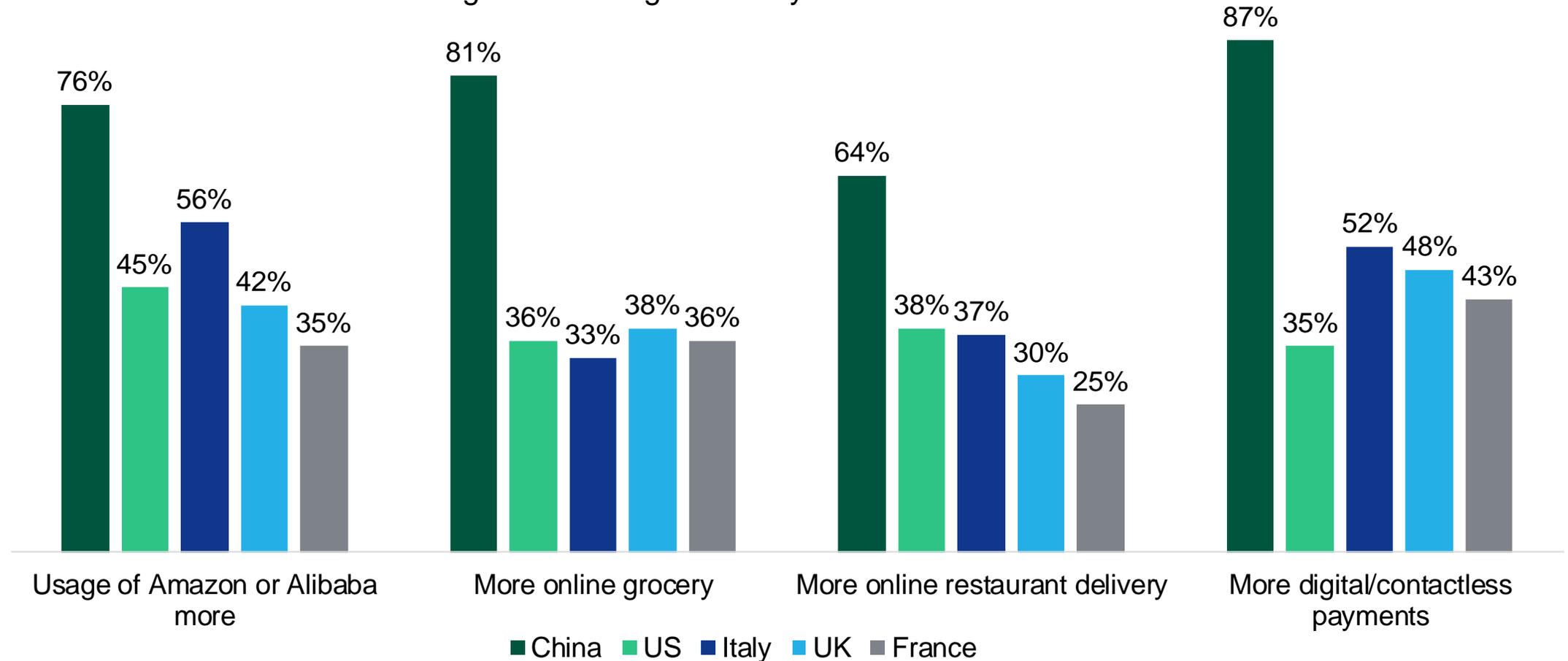
RETAILERS



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Marketplaces will be more powerful

Thinking about the activities that you have started doing during the COVID-19 pandemic, please indicate how likely you are to continue doing the following once stay-at-home restrictions are lifted.



Source: Forrester Analytics Consumer Technographics COVID-19 Survey (Wave 2), 2020 (May 8-15) (US).

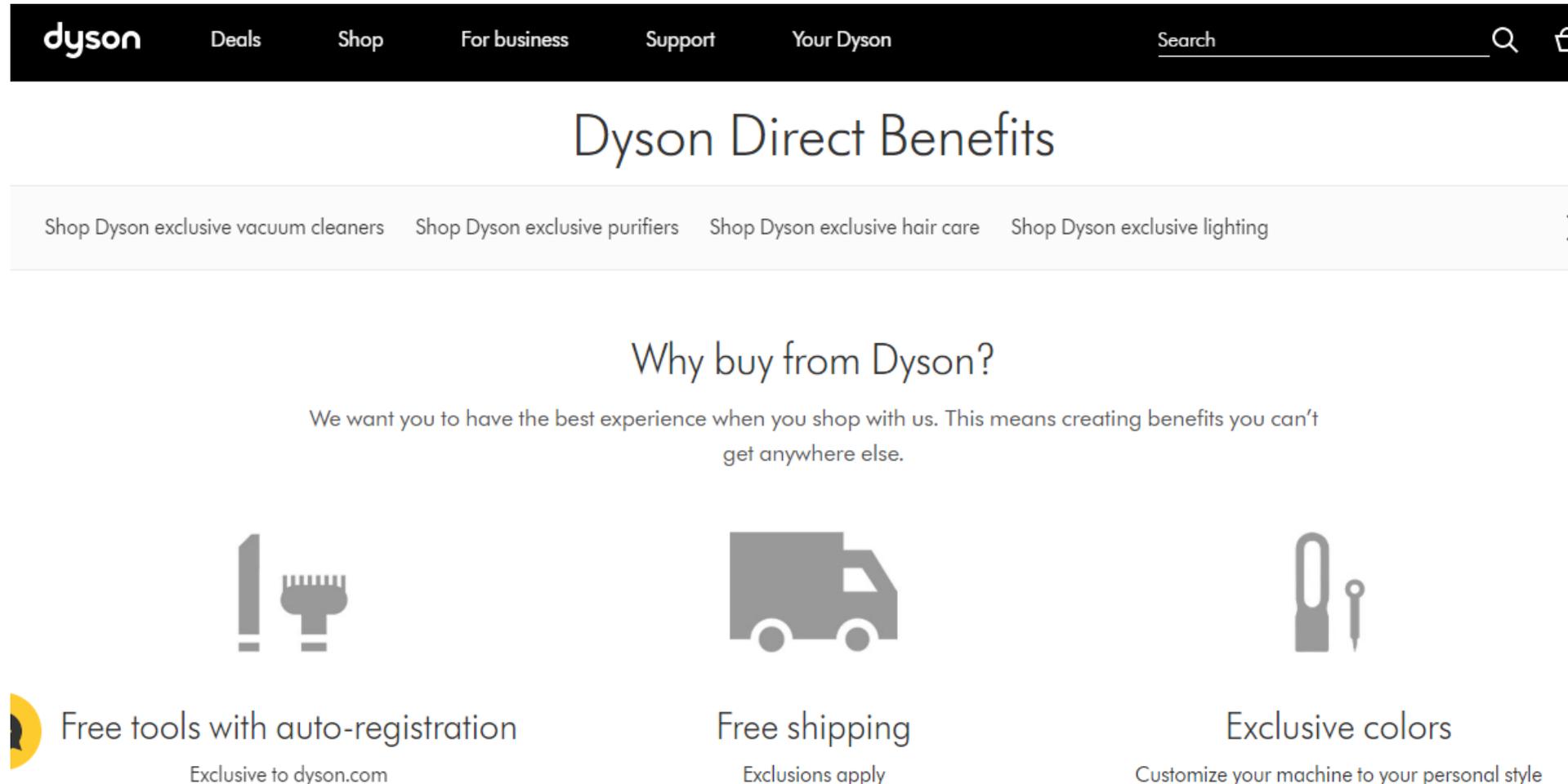
But marketplaces dilute brands



19% of consumers worry that marketplaces have poor quality or counterfeit products

Price is the **#1** reason that shoppers buy on Amazon, **1.4x** more than the next most important attribute

Brands aren't rolling over



The screenshot shows the top navigation bar of the Dyson website with links for Deals, Shop, For business, Support, and Your Dyson. A search bar is located on the right. Below the navigation is a banner for "Dyson Direct Benefits" with links to shop exclusive vacuum cleaners, purifiers, hair care, and lighting. The main content area features the heading "Why buy from Dyson?" followed by a paragraph: "We want you to have the best experience when you shop with us. This means creating benefits you can't get anywhere else." Below this are three benefit cards: "Free tools with auto-registration" (exclusive to dyson.com), "Free shipping" (exclusions apply), and "Exclusive colors" (customize your machine to your personal style).

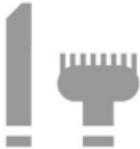
dyson Deals Shop For business Support Your Dyson Search

Dyson Direct Benefits

Shop Dyson exclusive vacuum cleaners Shop Dyson exclusive purifiers Shop Dyson exclusive hair care Shop Dyson exclusive lighting

Why buy from Dyson?

We want you to have the best experience when you shop with us. This means creating benefits you can't get anywhere else.

- 
Free tools with auto-registration
Exclusive to dyson.com
- 
Free shipping
Exclusions apply
- 
Exclusive colors
Customize your machine to your personal style

Sales are nascent and growing on direct-to-consumer sites

10% of customers are purchasing directly from manufacturer sites for essentials...even though many of these sites have subpar experiences

FritoLay Home Products

FREE SHIPPING ON ALL ORDERS. Minimum of \$15 required

> your FAVORITE SNACKS SHIPPED DIRECTLY to your door <

Free Shipping On All Orders

PantryShop By PepsiCo

Everyday Pantry



Everyday Pantry Pack - Family Size

\$49.95

Add To Cart



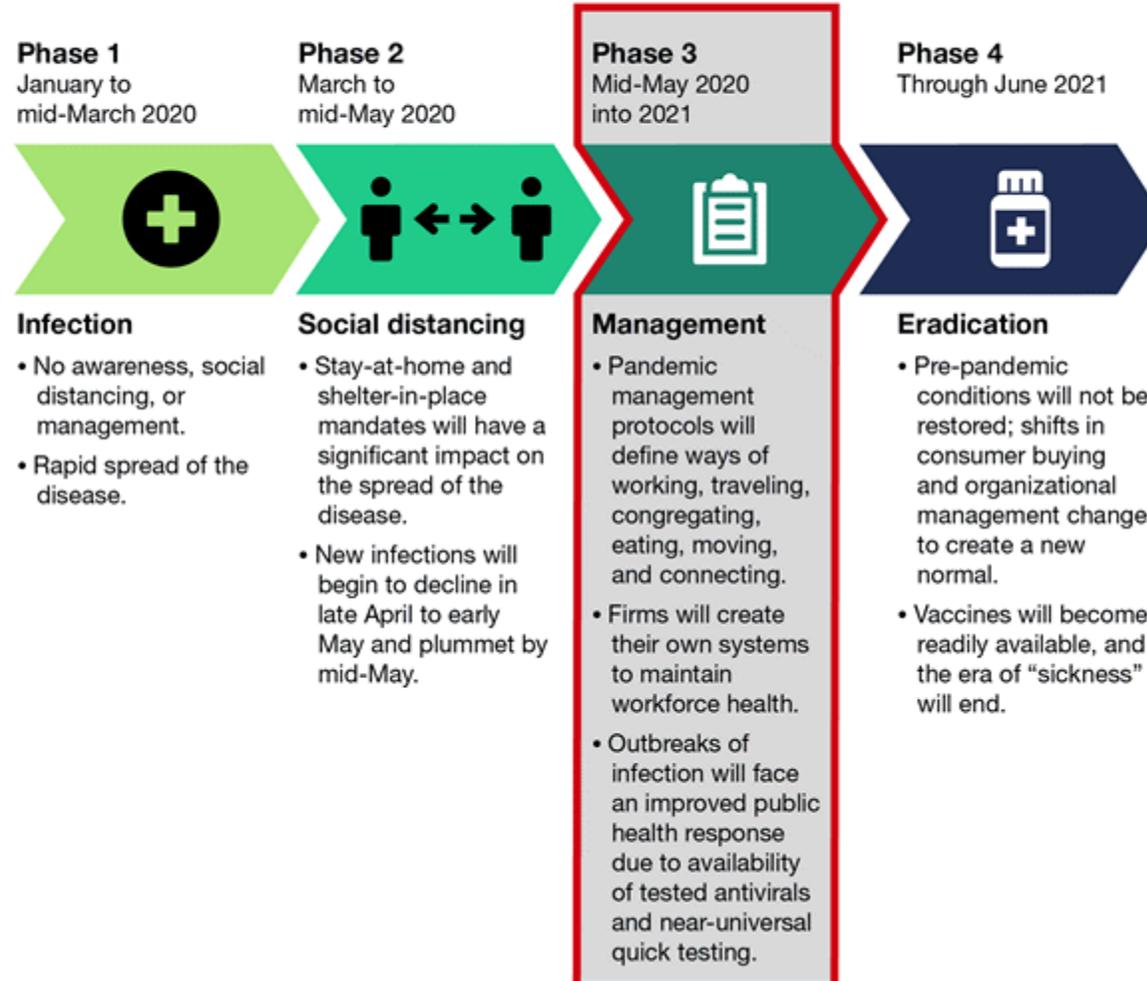
Everyday Pantry Pack - Standard Size

\$29.95

Add To Cart

Where we are now in recovery

COVID-19 timeline: US and Europe



What DIVERGENCE means

Consumers

- The Business Roundtable's call for Stakeholder Primacy gains clout
- More protectionism and nationalism
- Higher taxes on the wealth to support wages and social programs

Retailers

- Dinosaurs die...speed is correlated with survival
- New retailers will be built on more nimble, asset light platforms, with fewer smaller stores
- New business models for retailers that survive (e.g. ad dollars)

Brands

- Retail jobs in the future will be on the digital teams of brands
- Sales organizations are replaced by eControl
- Every brand sees at least 10% of sales coming from its DTC channel

Thank You.

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